

State-funded financial aid in Washington



**House Higher
Education Committee**

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W A S H I N G T O N
**H I G H E R
EDUCATION**
C O O R D I N A T I N G B O A R D

State-funded student financial aid in Washington

- What is the state's policy regarding college affordability?
- Which students are needy?
- Who provides aid to students?
- How much aid do students receive and how is that determined?
- Basics of the state's largest financial aid programs

Washington state has made a strong commitment to financial aid

RCW 28B.10.786

- *...financial need shall not be a barrier to participation in higher education.*

RCW 28B.15.065

- *It is the intent of the legislature that needy students not be deprived of access to higher education due to increases in educational costs or consequent increases in tuition and fees.*

Washington state has made a strong commitment to financial aid

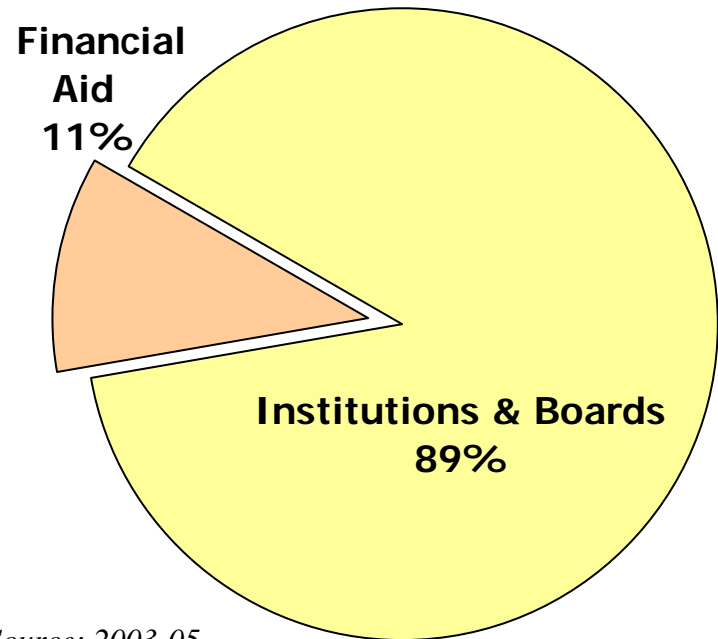
Washington ranks:

- 8th among all the states in its funding for need based aid; and
- 13th when looking at both merit and need based aid

The state strives to make college affordable in two ways

- **Funding support** to public colleges and universities - General-fund appropriations help maintain somewhat moderate tuition for all students.
- **Direct assistance to students** with grants, work-study, scholarships and need-based tuition waivers help students to pay their college costs.

State General Fund Appropriation
Higher Education
2003-05 Biennium
\$2.69 Billion



Source: 2003-05
State Supplemental Operating Budget

State aid complements federal student assistance

- The HECB is directed in law to administer all state financial aid programs
- Students at more than 72 public and private institutions receive state aid
- The HECB coordinates state programs with federal aid programs to provide the maximum benefit to the state and students

Financial Aid Programs are designed for various purposes

Direct aid to individual students is used to:

- Provide ***opportunity*** for needy students to access a higher education by making college more affordable
- Reward ***merit***
- ***Target*** specific groups or priorities

Most of Washington's financial aid programs are for needy students.

Determination of Eligibility for Need Based Aid

A student first completes the Free Application for Federal Student Aid (FAFSA). Based on that information a formula is applied to calculate “financial need/aid eligibility”

$$\begin{array}{r} \text{Student's cost of attendance (price)} \\ - \text{Expected Family Contribution (EFC)} \\ \hline = \text{“Financial need/aid eligibility”} \end{array}$$

College costs include more than tuition

- Besides tuition, students must pay for fees, books and living expenses
- Estimated costs for students who live away from home this year:
 - **Community & technical colleges** **\$12,400**
 - **Public regional universities** **\$14,000**
 - **Public research universities** **\$15,200**
 - **Private colleges and universities** **\$31,300**

A standard methodology is used to calculate what a family should be able to pay

Expected Family Contribution (EFC)

- Based on many factors, including:
 - Taxable and untaxed income
 - Assets (except home equity/retirement programs)
 - Family size
 - Age of parents
 - Allowances for taxes, set-aside for basic subsistence of the family and emergency expenses
- Expected Family Contribution (EFC) assumes that a portion of the remaining resources should be available to help pay for college costs.

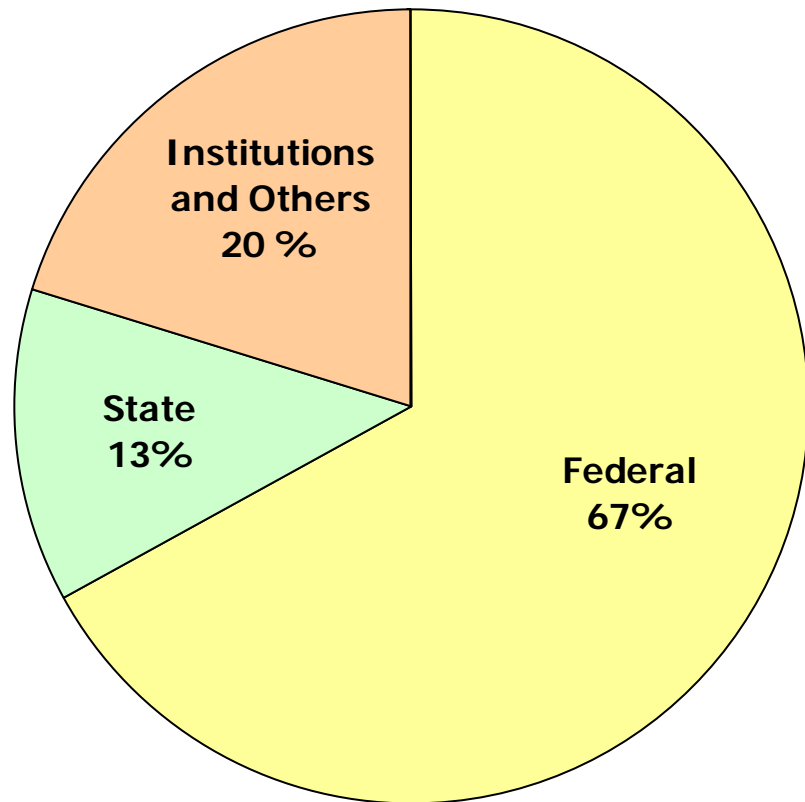
Students must meet some additional criteria to qualify for need base aid

- Have a high school diploma or GED
- Be enrolled in an approved degree or certificate program at a participating, accredited institution
- Maintain academic progress
- Not owe a repayment or be in default on any state or federal student financial aid previously received
- Be a U.S. citizen
- Register with the Selective Service, if required

Need-Based Financial Aid in Washington, by Source

In 2003-2004, 139,000 students received \$1.37 Billion

- Federal \$917m
- State \$172m
- Institutions and others \$279m

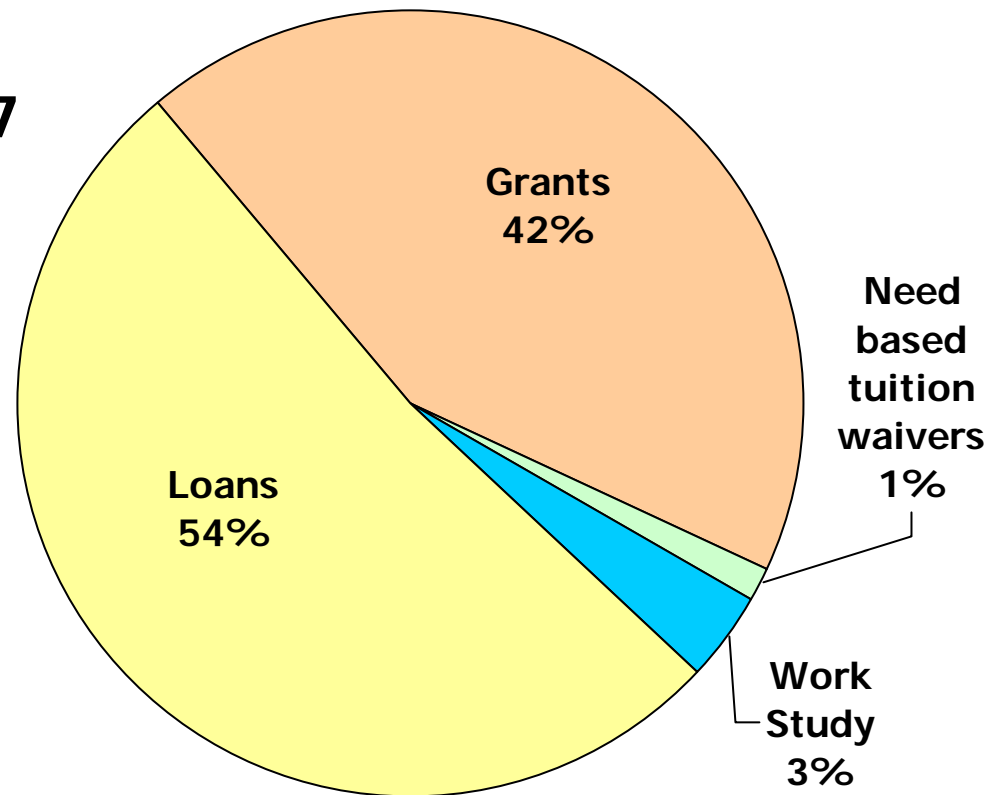


Source: 2003-04 Unit Record Report, as submitted by institutions

Need-Based Financial Aid in Washington, by Type

In 2003-2004, 139,000 students received \$1.37 Billion

- Grants \$570m
- Need based tuition waivers \$16m
- Work study \$43m
- Loans \$739m



** Includes only financial aid administered by institutional financial aid offices for students with documented financial need.*

Source: 2003-04 Unit Record Report, as submitted by institutions

Washington's financial aid programs helped 66,526 students pay the cost of college in 2003-2004

OPPORTUNITY FOR EQUITABLE ACCESS

- **State Need Grant**

\$111.6 million awarded
54,208 recipients

Maximum awards:
\$2,062 - \$4,315 (by sector)

- **State Work Study**

\$17.0 million awarded
8,289 recipients

Awards vary: \$2,000 - \$5,000

- **Educational Opportunity Grant**

\$2.9 million awarded
1,143 recipients

\$2,500 Award

OPPORTUNITY AND MERIT

- **Washington Promise Scholarship**

\$6.0 million awarded
7,011 recipients

\$930 Award

MERIT

- **Washington Scholars**

\$1.9 million awarded

429 recipients

100% public sector

tuition and fees

- **Washington Award for Vocational Excellence**

\$794,000 awarded

258 recipients

100% public sector

tuition and fees

TARGETED

- **Health Professional Loan Repayment & Scholarship Programs**

\$1.1 million awarded

55 recipients

18 awards at \$60,000 avg.

37 awards at \$6,500 avg.

- **WICHE Professional Student Exchange**

\$259,000 awarded

14 recipients

\$18,500 avg. award

- **American Indian Endowed Scholarship**

\$19,550 (funded by endowment)

\$1,150 Award

17 recipients

OTHER

- **Community Scholarship Matching Grant**

\$246,000 awarded

123 recipient organizations

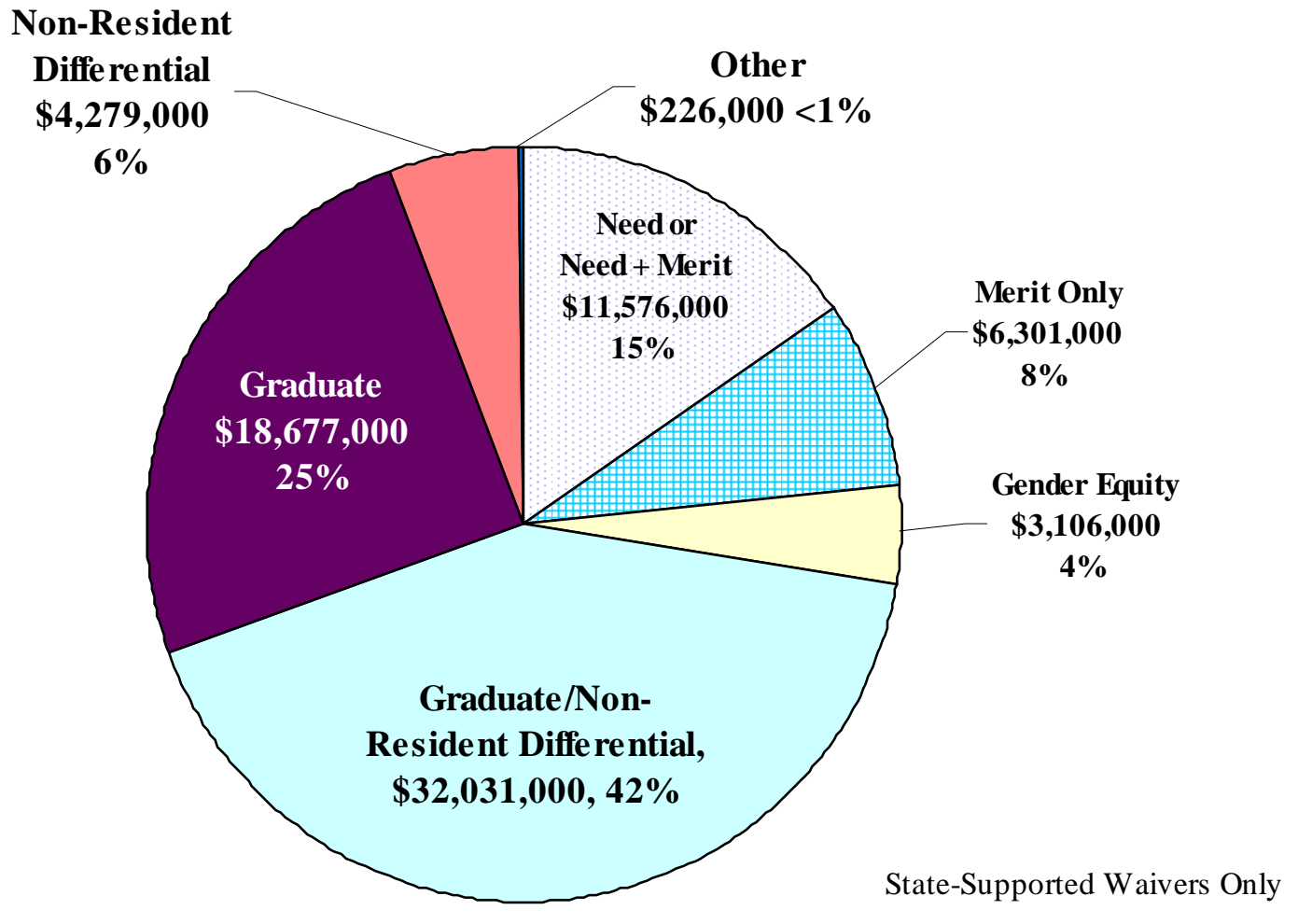
\$2,000 Award

Institutional aid and tuition waivers

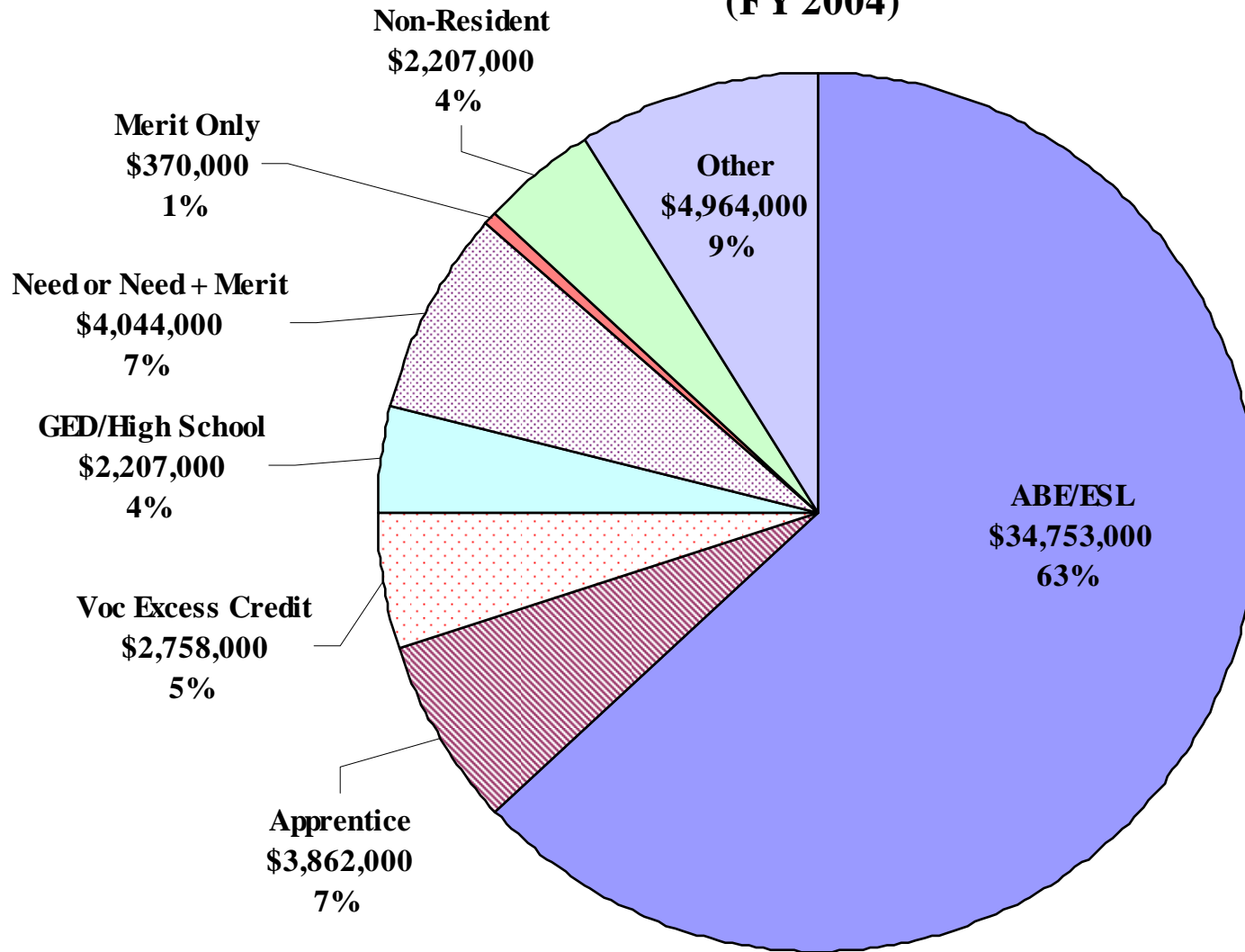
In addition to the state programs, colleges and universities provide institutional aid

- Each public institution is required by law to set aside 3.5% of tuition revenue for student aid.
- Also, institutions have authority to waive tuition for many categories of students

Tuition Waivers at Four-Year Institutions By Type (FY 2004)



Tuition Waivers at Two-Year Institutions By Type (FY 2004)



State-Supported Waivers Only
Preliminary Estimates

Financial Aid “Packaging”

- “Packaging” refers to the combination of aid types and amounts a student will be offered to help pay the cost of attendance.
- Student eligibility and the amount of aid awarded by program is determined by the financial aid administrator at the institution the student plans to attend.
- One general rule: With the exception of some loan programs, all resources available to a student cannot exceed the amount of his or her “need.”

Financial Aid “Packaging”

The specific programs and the amount of funds any one student receives is a function of:

- The student's financial need
- The student's eligibility for individual aid programs
- The institution's “packaging” policies
- The amount of funds available at that institution for each program.

Need Grant statewide goals

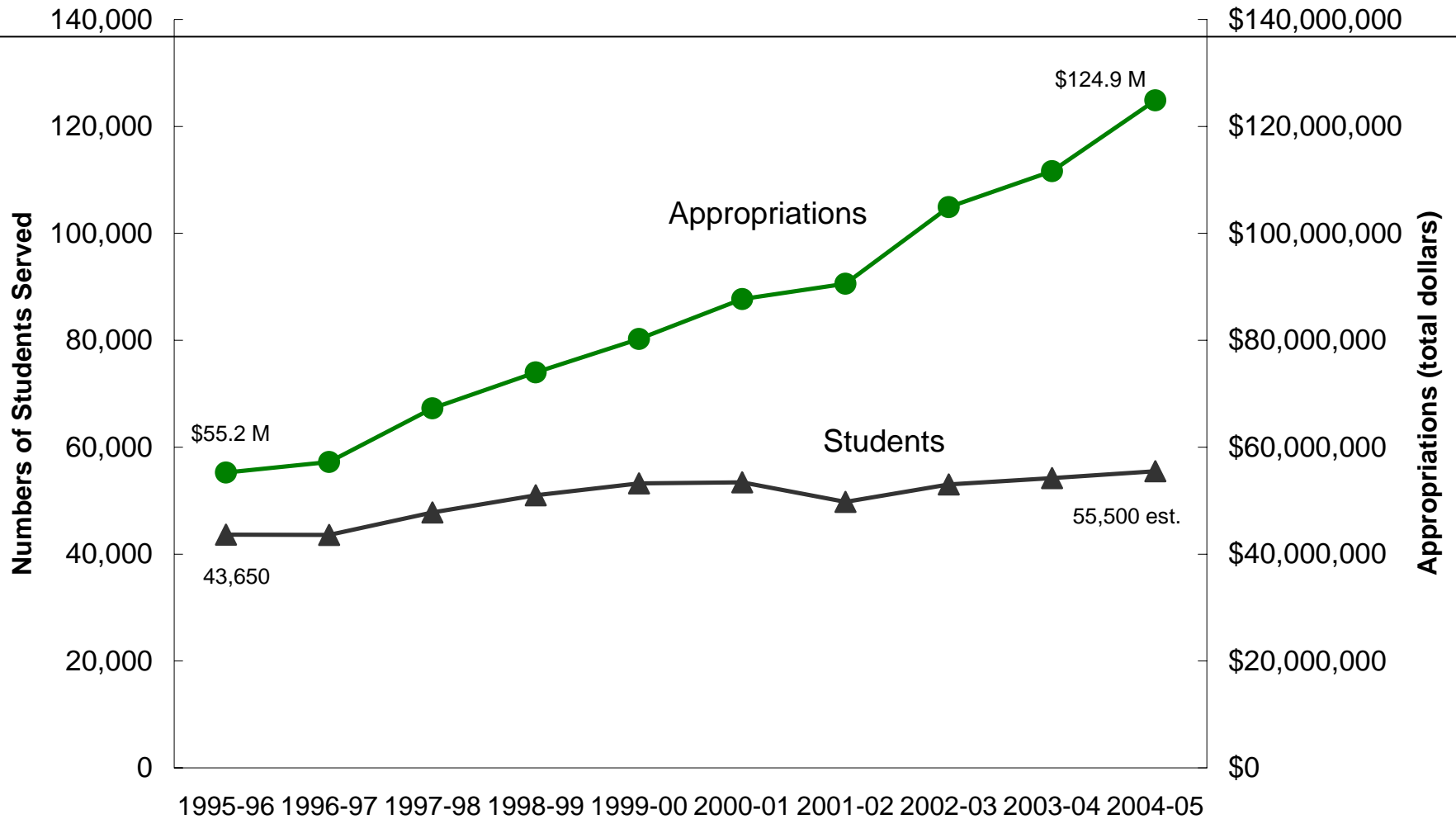
- Focus on **students, not institutions**
- Aid to **lowest-income students first**
- **Statewide consistency** – Similar eligibility for students of similar income and family size
- Grant amounts linked to **public tuition** rates
- **Students** bear a portion of costs and are required to make satisfactory progress toward degree
- **Coordination** – Assistance to students at their colleges coupled with statewide oversight

Need Grants are for resident undergraduates

To receive a Need Grant, resident undergraduate students must:

- **Have a family income no more than 55% of the state median (\$36,500 for a family of four)**
- **Be pursuing a degree or certificate**
- **Make satisfactory academic progress**
- **Attend at least half-time**

State Need Grant: Total Appropriations and Students Served



Maximum Need Grant amounts, 2004-05

• Private colleges and universities	\$4,650
• Public research institutions	\$4,416
• Public regional universities	\$3,491
• Community & technical colleges	\$2,212
• Private career colleges	\$2,212

Students with documented dependent care expenses may receive an additional \$672

Need Grant spending reflects two key factors

- The number of eligible students based on family income
 - The higher the income limit, the more students who are eligible
 - This year's limit is 55% of median family income
- The amount of the individual student's grant
 - Grant amounts are based on the expected number of eligible students and tuition increases

Who receives State Need Grants?

- **62% female, 38% male**
- **89% enrolled full-time**
- **34% depend on family support (average income \$24,227)**
- **66% are independent (average income \$12,841)**
- **25% racial or ethnic minorities**
- **Median age 24**

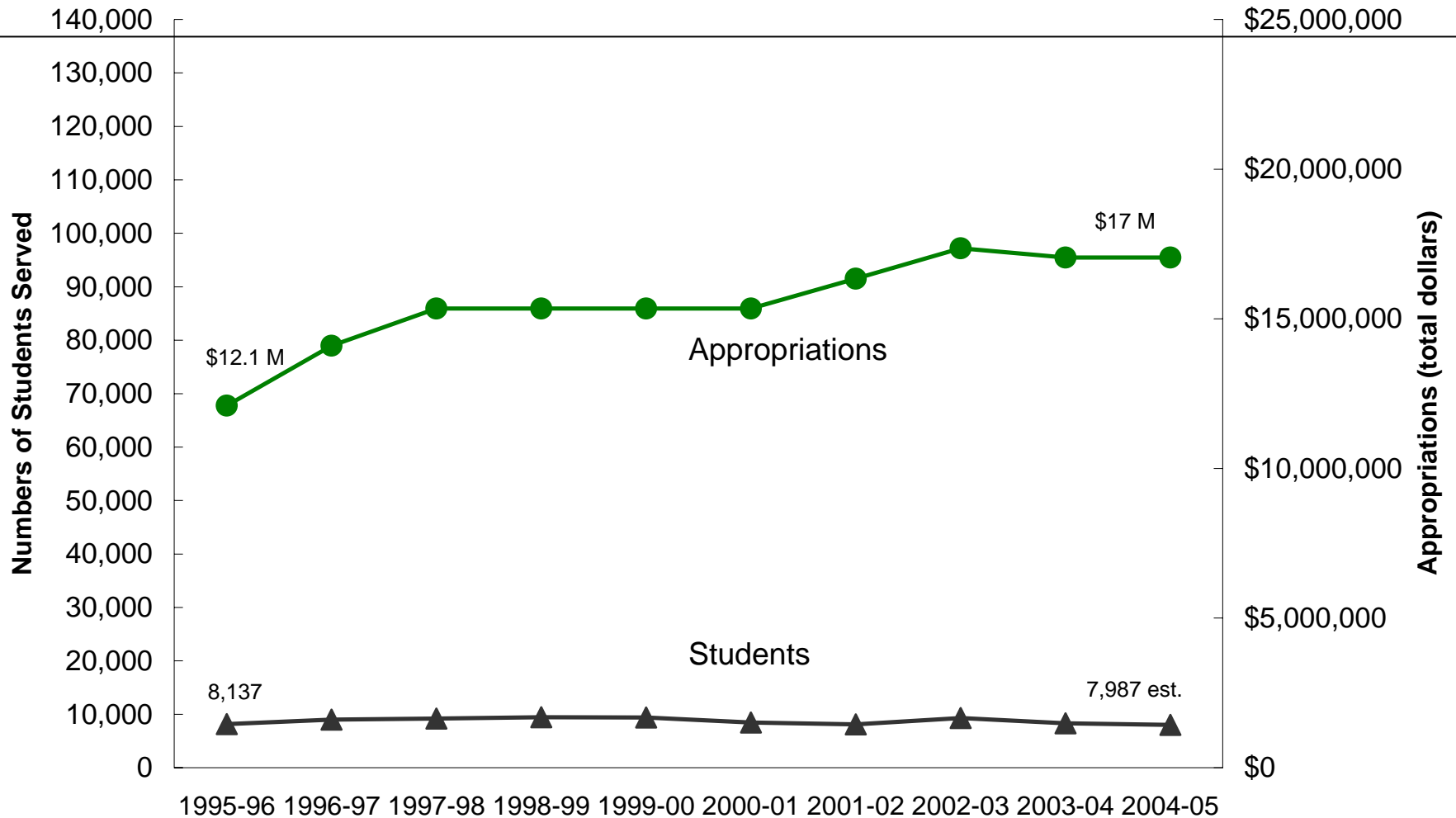
Work Study statewide goals

- A focus on students, not institutions
- Aid to financially needy low and middle income students
- An alternative to borrowing, a form of direct “self-help”
- Placements related to career goals
- Cost effective means of developing workplace skills

SWS Student Eligibility

- Demonstrate financial need using the federal needs analysis formula
- Be enrolled or accepted for enrollment on at least a half-time basis
- Maintain satisfactory progress
- Cannot owe a refund or repayment or be in default on a loan
- Cannot be pursuing a degree in theology

State Work Study: Total Appropriations and Students Served



Who receives State Work Study?

- Average age is 23
- 65% are female
- 89% undergraduates
- 53% independent, \$12,830 average income
- 47% dependent, \$40,249 average family income
- 40% work off-campus

How much do work study students earn?

Average Annual Earnings

- Public 4yr \$2,303
- Private 4yr \$2,964
- CTC \$2,218

Average Hourly Pay Rates

- \$8.50 to \$10.50

Typical SWS employers

There are over 3,000 contracted employers

- Public colleges and schools
- Public agencies, such as City of Seattle and DSHS
- Private Non-Profits, such as Boys and Girls Clubs and Fred Hutchinson Cancer Research Center
- Private For-Profits, such as Zymogenetics and Mid-Columbia Engineering

Washington Promise Scholarship

- About 7,500 recipients this year
- 60% are female
- About half attend either UW, WSU, or WWU
- 75% attend a four-year college, 25% attend a two-year college
- In 2003-04, 30% came from low-income families qualifying for either SNG or Pell
- Over 55% needed additional financial aid beyond the Promise Scholarship

Promise Scholarship

History of Appropriations and Students Served

YEAR	APPROPRIATIONS	STUDENTS SERVED
1999-00	\$2,800,000	2,164
2000-01	\$8,600,000	5,314
2001-02	\$8,250,000	6,261
2002-03	\$6,300,000	6,561
2003-04	\$6,050,000	7,011
2004-05	\$8,390,000	7,500

History of Promise Award Amounts

Year	CTC Tuition	Maximum Annual Award	Award As a % of CTC Tuition
2004-2005	2,292	\$1,176	51%
2003-2004	2,142	\$ 930	43%
2002-2003	1,984	\$ 948	48%
2001-2002	1,743	\$1,404	81%
2000-2001	1,641	\$1,542	94%
1999-2000	1,584	\$1,225	77%